

Message Text

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PAGE 01 ABIDJA 00600 200850Z

15

ACTION EB-07

INFO OCT-01 AF-06 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 AGR-05

FRB-03 LAB-04 PA-01 TAR-01 PRS-01 /101 W

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R 191624Z JAN 76

FM AMEMBASSY ABIDJAN

TO SECSTATE WASHDC 6689

AMEMBASSY COTONOU

C O N F I D E N T I A L ABIDJAN 0600

E.O. 11652: GDS

TAGS: BDIS, EINV, ENRG, DCM

SUBJECT: ATTITUDE OF MOBIL AND TEXACO RE THEIR TRADE
WITH BEININ AND GSP SANCTION

REFERENCE (A) COTONOU 0071, (B) 75 STATE 270123, (C) 75 COTONOU 1708

1. EMBOFF HAS MET WITH PETER WEBSTER OF TEXACO AND
MICHEL BONNET OF MOBIL ON SEVERAL OCCASIONS TO DISCUSS
THE FIRMS' CURRENT THINKING ON BENIN NATIONALIZATION AND
IDEMNIFICATION AND TO BRIEF THEM ON STATUS OF THEIR CLAIMS.

2. BOTH FIRMS ARE FIRM IN THEIR INSISTENCE ON EARLY PROGRESS
TOWARDS A COMPENSATION AGREEMENT. BOTH FIRMS SEND
REPRESENTATIVES TO BENIN FROM TIME TO TIME TO SURVEY
PROGRESS REGARDING COMPENSATION AND TO ADVANCE THEIR
FIRMS' CURRENT INTERESTS THERE. TEXACO SELLS ANNUALLY
ABOUT \$1 MILLION OF LUBRICANTS TO SONACOP, ALL PACKAGED
IN DISTINCTIVE SONACOP CONTAINERS, AND ABOUT \$200,000
OF FUEL OIL.

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PAGE 02 ABIDJA 00600 200850Z

3. TEXACO INDICATED THAT IT COULD "AFFORD TO BE PATIENT"

AS REGARDS ACTUAL PAYMENT OF COMPENSATION IN VIEW OF ITS SUBSTANTIAL SALES, BUT THAT IT WOULD HAVE TO PRESS FOR A PROMPT WRITTEN ACCORD OR SET A BAD PRECEDENT FOR OTHER COUNTRIES WHERE IT IS EXPOSED TO NATIONALIZATION RISK. WEBSTER POINTED OUT THE EXAMPLES OF GUINEA, WHICH HAD NEGOTIATED AN ACCEPTABLE AGREEMENT AND CONTINUED AS A TEXACO CUSTOMER EVEN THOUGH IT HAD LATER SOUGHT A MORATORIUM ON PAYMENT OF ACTUAL COMPENSATION.

4. MOBIL DID NOT DISCUSS ITS FIRM'S CURRENT SALES TO BENIN, EMBOFF WAS LEFT WITH THE IMPRESSION THAT THE FIRM WAS LESS INCLINED THAN TEXACO TO BE PATIENT, AND MIGHT WELL PRESS FOR RETALIATORY MEASURES BY THE USG.

5. BOTH FIRMS WOULD TAKE ISSUE WITH THE STATEMENT IN PARA 2 OF REFTEL A. SIGNING OF COMPENSATION ACCORDS IS IMPORTANT AS A PRECEDENT, EVEN IF ACTUAL PAYMENT MUST BE DEFERRED. OF COURSE THE FIRMS WOULD NOT WISH TO CONCEDE IN ADVANCE ANY WILLINGNESS TO BE PATIENT SINCE IT WOULD UNDERMINE THEIR BARGAINING POSITION. SMITH

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